



LDIC North American Small Business Fund

(Corporate Class)

Management Report of Fund Performance

December 31, 2019

*Series A shares, Series F shares and Series F1 shares of LDIC North American Small
Business Fund*

LDIC North American Small Business Fund

For the Year ended December 31, 2019

All figures are reported in Canadian dollars unless otherwise noted.

This management report of fund performance contains financial highlights but does not contain either the complete interim financial report or annual financial statements of the investment fund. You can get a copy of the financial statements at your request and at no cost, by contacting LDIC Inc. in one of the methods below.

Shareholders may contact LDIC Inc. to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure by calling 416-362-4141, by writing to us at 130 King Street West, Suite 2130, Toronto, ON, M5X 1E2 or by visiting our website at www.ldic.ca (email at info@ldic.ca), or SEDAR at www.sedar.com.

Investment Objectives and Strategies

The Fund's investment objective is to provide long-term capital appreciation and income by investing primarily in equity and fixed income securities of small cap companies based in North America. The Fund may also include similar investments in mid-capitalization businesses. The prior approval of shareholders is required before a fundamental change is made to the investment objective of the Fund. This approval must be given by a resolution passed by a majority of the votes cast at a meeting of the shareholders of the Fund.

Techniques such as fundamental analysis may be used to assess the growth and value potential of an investment which requires evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the Manager may analyze financial data and other information sources, assess the quality of management, and conduct company interviews.

Risk

As of December 31, 2019, the risks of investing in the Fund remain as described in the prospectus. The main risk to investors is the market capitalization risk of small companies. Small cap companies are inherently higher risk because of 1) lower trading liquidity, 2) access to capital can be limited, and 3) operational history can be limited/minimal.

The Fund is suitable for investors who are seeking a potential for capital appreciation, have high medium tolerance and have a medium to long-term investing horizon. However, the level of risk associated with any particular investment depends largely on an investor's personal circumstances. Investors can invest a component of their total portfolio in the Fund to provide portfolio diversification. Investors should consider their personal investment profile and consult their financial advisor before making a decision to invest in the Fund.

Result of Operations

The Fund's benchmark (70% S&P/TSX Small Cap Index/30% Russell 2000) was up 20.3% in 2019, led primarily by US focused Russell 2000, which was up 26.2%. The S&P/TSX Small Cap Index, was up 17.9% for the year.

The Fund gained 5.9% on the Series A and 7.2% on the Series F and 6.8% on the Series F1 units during the period. It therefore underperformed the Benchmark. This underperformance is due largely to an overweight to Canadian equities 89.7% versus the Benchmark weight of 30% for US equities. The Fund was also less invested in cannabis equities than the overall S&P/TSX Small Cap Index during the period.

The Portfolio Manager believes that the limited amount of active managers focusing on small cap stocks, coupled with a relatively robust universe of investment opportunities, provides a durable competitive advantage for the Manager to uncover market inefficiencies. The Portfolio Manager also favors strong balance sheets and real earning in small businesses holdings. This may lead to short-term under performance but better longer-term performance.

Recent Developments

The major rally on North American large cap equities was led by the technology sector and health care. Firms such as Amazon and Apple continued their leadership. Canadian equity markets lagged due to their weighting to energy and resource companies. As well the Canadian Venture Index, a measure of small cap equities, also had a less robust performance due to its preponderance of energy and resource equities although Cannabis equities added to the Canadian Venture Index performance.

We have shifted to Fund allocation to reflect the stronger sectors of the economy. At yearend 16.4% of the Fund was invested in Information Technology; 16.8% in Health Care and 29.8% in Industrials. Weighting to Energy was only 2.3%.

Our expectation is for solid but slow North American growth in 2020.

Related Party Transactions

The Manager of the Fund is LDIC Inc. The Manager provides investment and administrative services to the Fund. In consideration for these services the Manager receives a fee based on a percentage of the Net Assets of the Fund calculated daily and payable monthly, as follows:

Series A: 2.00% per annum
Series F: 1.00% per annum
Series F1: 1.50% per annum

The Fund will pay a performance fee to LDIC Inc., plus applicable taxes, at the end of each fiscal year. The performance fee will be 15% of the amount by which the Series NAV at the end of the fiscal year (adding back the amounts of any distributions paid on the shares of the Fund) (the "ending NAV") exceeds the target NAV. The target NAV is calculated by multiplying the Series NAV, net of performance fees paid, as at the last

performance fee payment date (the “beginning NAV”) by the sum of one plus the return of the Fund’s “benchmark” (the “benchmark return”) over the same period.

As of December 31, 2019, the Manager of the Fund and certain Directors and Officers of the manager held a total of 356,376 shares of the F Series of the Fund.

Management Fees

All management fees are based on the NAV of a series of shares, calculated on each Valuation Date and paid monthly. The management fee for the Fund is 2.00% for Series A, 1.00% for Series F, and 1.50% for Series F1. The breakdown of the services received in consideration of the management fee, as a percentage of the management fee is:

	Series A	Series F	Series F1
Management of Fund	37.5%	100%	100%
Trailing commission to Broker	62.5%	N/A	N/A

Financial Highlight

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the year ended December 31, 2019 and for the past four periods ended December 31, as applicable. In the year a Fund or a Series is established, 'Period' represents inception to December 31 of that year. Per unit data is derived from the Fund's financial statements. Ratios and supplemental data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per unit ⁽¹⁾

	SERIES A				
	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Net Assets, beginning of year	11.17	13.34	12.45	9.66	10.00
Increase (decrease) from operations:					
Total revenue	0.16	0.16	0.14	0.19	0.19
Total expenses	(0.56)	(0.72)	(0.71)	(0.57)	(0.50)
Realized gains (losses) for the year	0.65	1.02	1.64	2.42	(0.46)
Unrealized gains (losses) for the year	1.70	(1.71)	0.95	1.14	0.47
	\$	\$	\$	\$	\$
Total increase (decrease) from operations⁽²⁾	1.95	(1.25)	2.02	3.18	(0.30)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.19)	(0.14)	(0.19)	-	(0.02)
From capital gains	(0.21)	(0.80)	(0.88)	-	-
Return of capital	-	-	-	-	-
Net Asset Value per share (\$)	(0.40)	(0.94)	(1.07)	-	(0.02)
	\$	\$	\$	\$	\$
Net Assets, end of year	11.43	11.17	13.34	12.45	9.66

	SERIES F				
	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Net Assets, beginning of year	11.52	13.62	12.60	9.66	10.00
Increase (decrease) from operations:					
Total revenue	0.16	0.16	0.14	0.22	0.17
Total expenses	(0.21)	(0.56)	(0.61)	(0.44)	(0.42)
Realized gains (losses) for the year	(0.17)	1.04	1.62	1.83	(0.51)
Unrealized gains (losses) for the year	1.12	(1.76)	0.94	1.34	0.64
	\$	\$	\$	\$	\$
Total increase (decrease) from operations⁽²⁾	0.90	(1.12)	2.09	2.95	(0.12)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.20)	(0.14)	(0.19)	-	(0.02)
From capital gains	(0.22)	(0.82)	(0.88)	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.42)	(0.96)	(1.07)	-	(0.02)
	\$	\$	\$	\$	\$
Net Assets, end of year	11.93	11.52	13.62	12.60	9.66

	SERIES F1			
	2019	2018	2017	2016 ⁽⁵⁾
Net Assets, beginning of year	\$ 11.43	\$ 13.60	\$ 12.63	\$ 10.00
Increase (decrease) from operations:				
Total revenue				
Total expenses	0.17	0.17	0.14	0.08
Realized gains (losses) for the year	(0.54)	(0.66)	(0.67)	(0.31)
Unrealized gains (losses) for the year	0.85	0.99	1.74	2.08
Total increase (decrease) from operations⁽²⁾	1.92	(1.74)	1.03	0.32
	\$ 2.40	\$ (1.24)	\$ 2.24	\$ 2.17
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	(0.20)	(0.14)	(0.19)	-
From capital gains	(0.22)	(0.82)	(0.88)	-
Return of capital	-	-	-	-
Total annual distributions⁽³⁾	(0.42)	(0.96)	(1.07)	-
	\$	\$	\$	\$
Net Assets, end of year	11.79	11.43	13.60	12.63

(1) This information is derived from the Fund audited annual financial statements and unaudited interim financial statements.

(2) Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional shares of the Fund, or both.

(4) Shares of Series A for this Fund were first issued on May 29, 2015 and Series F shares were first issued on May 22, 2015.

(5) Shares of series F1 for this Fund were first issued on May 31, 2016.

Ratios and Supplemental Data

	SERIES A				
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total Net Asset Value (\$) ⁽¹⁾	915,989	4,245,997	4,689,792	2,842,989	936,021
Number of shares outstanding ⁽¹⁾	80,151	379,965	351,453	228,310	96,931
Management expense ratio ^{(2) (5)}	3.02%	4.37%	4.69%	3.85%	7.98%
Management expense ratio before waivers or absorption ^{(2) (5)}	3.02%	4.37%	4.69%	3.85%	7.98%
Management expense ratio excluding performance fees ⁽⁵⁾	3.02%	2.76%	2.87%	3.84%	3.76%
Trading expense ratio ^{(3) (5)}	0.85%	1.17%	1.18%	1.21%	0.98%
Portfolio turnover rate ⁽⁴⁾	112.69%	170.82%	190.36%	187.49%	50.29%
Net Asset Value per share (\$)	11.43	11.17	13.34	12.45	9.66

	SERIES F				
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Total Net Asset Value (\$) ⁽¹⁾	10,918,427	11,539,264	13,299,194	11,635,004	8,873,090
Number of shares outstanding ⁽¹⁾	915,425	1,001,690	976,349	923,159	918,432
Management expense ratio ^{(2) (5)}	2.07%	3.38%	3.79%	2.78%	6.37%
Management expense ratio before waivers or absorption ^{(2) (5)}	2.07%	3.38%	3.79%	2.78%	6.37%
Management expense ratio excluding performance fees ⁽⁵⁾	2.07%	1.63%	1.78%	2.76%	2.44%
Trading expense ratio ^{(3) (5)}	0.85%	1.17%	1.18%	1.21%	0.98%
Portfolio turnover rate ⁽⁴⁾	112.69%	170.82%	190.36%	187.49%	50.29%
Net Asset Value per share (\$)	11.93	11.52	13.62	12.60	9.66

	SERIES F1				
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	⁽⁵⁾ ⁽⁷⁾
Total Net Asset Value (\$) ⁽¹⁾	4,717,879	15,399,415	13,221,139	5,269,642	
Number of shares outstanding ⁽¹⁾	400,229	1,347,374	972,330	417,085	
Management expense ratio ^{(2) (5)}	2.33%	3.93%	4.29%	2.94%	
Management expense ratio before waivers or absorption ^{(2) (5)}	2.33%	3.93%	4.29%	2.94%	
Management expense ratio excluding performance fees ⁽⁵⁾	2.33%	2.24%	2.33%	2.94%	
Trading expense ratio ^{(3) (5)}	0.85%	1.17%	1.18%	1.21%	
Portfolio turnover rate ⁽⁴⁾	112.69%	170.82%	190.36%	187.49%	
Net Asset Value per share (\$)	11.79	11.43	13.60	12.63	

(1) The information is provided as at December 31 of the period(s) shown, as applicable.

(2) Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs before income taxes) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. The decision to wave and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated any time without notice to shareholders.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a period, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

(5) Percentages are annualized.

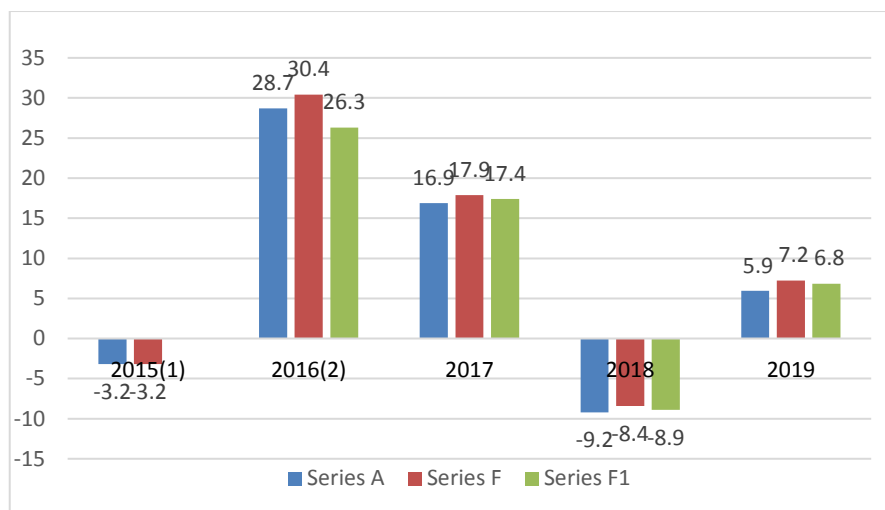
(6) Shares of series A for this Fund were first issued on May 29, 2015 and series F were first issued on May 22, 2015.

(7) Shares of series F1 for this Fund were first issued on May 31, 2016.

Past Performance

A) Annual Total Returns (%)

The bar chart shows the investment fund's performance in percentage terms of Series A and F of the Fund, since inception of the fund to December 31, 2015 and Series A, Series F, and Series F1 for the period ending December 31, 2019.



(1) Returns for Series A and Series F, are from May 29 and May 22, 2015 respectively, to December 31, 2015.

(2) Returns for Series F1 is from May 31, 2016 to December 31, 2016.

B) Annual Compound Returns

The table below shows the annual compound return of each Series of the Fund, for each period indicated, in comparison to the Fund's benchmark.

	Series A			Series F			Series F1		
	Since Inception (May 22/15)	1 year	3 years	Since Inception (May 22/15)	1 year	3 years	Since Inception (May 22/15)	1 year	3 years
LDIC North American Small Business Fund	7.6%	5.9%	4.0%	8.6%	7.2%	5.0%	10.8%	6.8%	4.5%
70%/30% Blended Index ⁽³⁾	3.9%	20.2%	2.0%	3.9%	20.2%	2.0%	3.9%	20.2%	2.0%

(3) The benchmark is blend of 70% S&P TSX Small Cap index (CAD) & 30% Russel 2000 Index (USD)

About the Fund's Benchmark

S&P TSX Small Cap Index (70%)

The S&P/TSX Small Cap Index measures the performance of small cap Canadian equity securities listed on the Toronto Stock Exchange. Securities in the index are selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. The index is float adjusted and market cap weighted and was developed with industry input as the ideal benchmark for those with small cap exposure of the Canadian equity market.

Russel 2000 Index (30%)

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Summary of Investment Portfolio as at December 31, 2019

Top 25 Investments as of December 31, 2019

	% of Fund's Net Asset Value
01 StorageVault Canada Inc.	9.5
02 Park Lawn Corp.	8.7
03 Zymeworks Inc.	8.2
04 People Corp.	6.1
05 Kinaxis Inc.	6.0
06 Akumin Inc.	5.8
07 K-Bro Linen Inc.	5.7
08 Xebec Adsorption Inc.	4.8
09 Thunderbird Entertainment Group Inc.	4.6
10 GDI Integrated Facility Services Inc.	4.5
11 Tucows Inc.	4.5
12 Chorus Aviation Inc.	4.2
13 Cargojet Inc.	4.0
14 Sylogist Ltd.	3.7
15 Global Water Resources Inc.	3.5
16 Central Coast Agriculture LLC	3.1
17 Hemptown Organics Corp.	2.4
18 Descartes Systems Group Inc.	2.3
19 Macro Enterprises Inc.	2.3
20 AutoCanada Inc.	2.2
21 Pollard Banknote Ltd.	2.1
22 Dream Industrial Real Estate Investment Trust	2.0
23 OjO Electric Corp.	0.6
24 Profound Medical Corp., Warrants	0.3
	<u>101.1</u>

Total Net Asset Value of the Fund as at December 31, 2019: \$16,552,295

As of December 31, 2019, the fund is holding only long positions.

Sector Mix	% of Fund's Net Asset Value
Corporate Bonds	3.1
Communication Services	4.6
Consumer Discretionary	12.9
Energy	2.3
Health Care	16.8
Industrials	29.8
Information Technology	16.4
Real Estate	11.4
Utilities	3.5
Cash	0.1
Net Other Assets/Liabilities	(0.8)
	<u>100.0</u>

Geographic Mix	% of Fund's Net Asset Value
Canada	89.7
United States of America	11.0
Cash	0.1
Net Other Assets/Liabilities	(0.8)
	<u>100.0</u>

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available. For more information please contact LDIC Inc. using the corporate information included below.

Corporate Information

Corporate Address

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